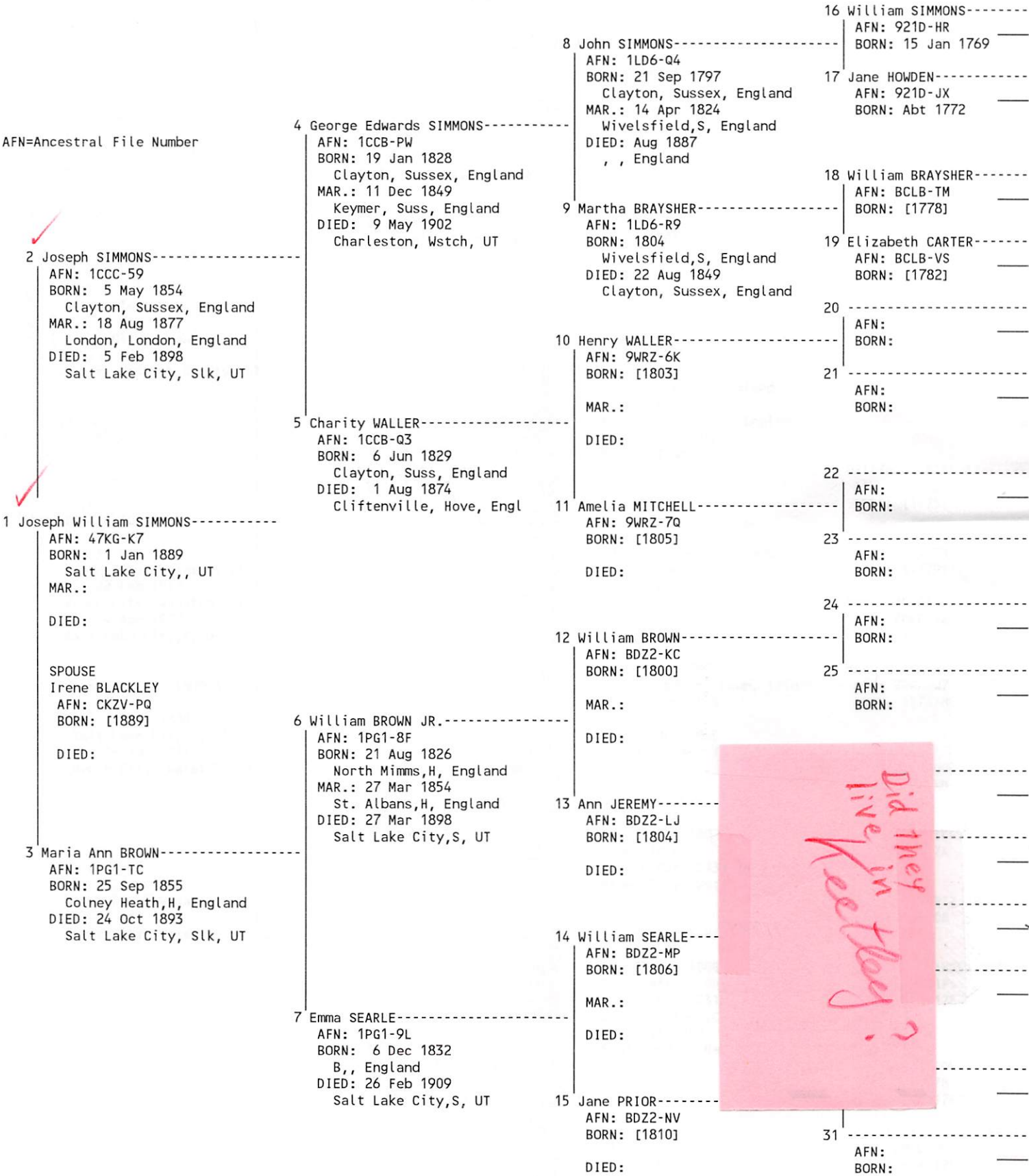


No. 1 on this chart is the same as no. _____ on chart no. _____

AFN=Ancestral File Number



I am again writing to you regarding AMA's DRG Monitoring

Project. In late May I sent you a letter announcing the initiation of this project which is designed to monitor experiences with the federal government's new prospective pricing system (PPS) for inpatient hospital services. Early response has been very good and we are now compiling an information base which will assist the Association in formulating policy to seek needed changes in the PPS program and to further aid the Association in developing programs to better inform physicians and their patients about the system.

On July 1, 1984 an additional 2,100 hospitals came on the system and 95% of eligible hospitals are now being reimbursed under PPS the remainder to be phased into the program by September 30, 1984. When I wrote you last a large number of hospitals were either not on the system or had only recently come into the program. As the